



Interoffice Memorandum

To: Ms. Gita Welch
UN Resident Coordinator, a.i.
Angola

Date: 2 April 2008

From:
Assistant Administrator and Director, Partnerships Bureau
UNDP New York

Extension: 6005

Subject: Subject: MDGF-1830-Governance of Water and Sanitation in
Angola's poor Neighborhoods

File: MDGF 1830

I. Approval Status

On behalf of the MDG-F Steering Committee I am pleased to inform you that your Joint Programme "Governance of Water and Sanitation in Angola's poor Neighborhoods" is hereby approved with an allocation of **USD\$7,600,000** for three years. This figure includes 7% for indirect costs incurred by UN Participating Organizations. Please note the 1% AA fee will be reimbursed directly to the MDTF Office and need not be included in your allocation.

II. JP design comments

We have identified in section III below, some changes we require to the design of your Joint programme. Once these adjustments have been reflected in the document, you may proceed with signature of the Joint Programme document. In addition to the Government, the UN Resident Coordinator and Participating UN Organizations should each sign the Joint Programme document. We would encourage you to ensure some visibility for this event and for the launch of implementation.

The MDG-F Secretariat, in collaboration with various experts, has reviewed the draft Joint programme presented and considers it a faithful extension of the approved concept note. We recognize that an effort has been made to address the recommendations of the Technical sub-committee and the Steering Committee.

We also feel that the Joint programme meets a number of the Fund's strategic goals, especially in terms of reaching out the poorest and most disfavored populations. In line with Paris Declaration, we understand that extensive consultations have been carried out with Line Ministries and other national stakeholders. It is however of critical importance to ensure the **full national ownership** of the Government through its official endorsement by the designated Government agency to coordinate official development aid and its participation in the national Steering Committee.

A cross section of UN agencies is actively involved in this joint initiative with a clear division of labor and added value. Perhaps it would be desirable to have additional justification on the **added value** of the participation of IOM.



We feel that the budget, in general, is well justified however, **budget** corresponding to awareness raising campaigns (output 1.3 and 4.1) and to livelihood projects (output 2.3 and 2.4) could be **revised downwards**. The same recommendation should be applied to reduce the costs allocated for transportation and acquisition of vehicles that appear to be excessive. It is recommended that the final budget is reduced by approximately \$400,000.

The MDG-F Secretariat thinks that, while the overall proposed strategy is strong in this proposal, the situational analysis and justification sections of the joint programme document remain vague without specific evidence based information and **indicators in geographical areas of focus**. Few details are available on “where” and “why” the intervention will take place. In addition, the programme could benefit from the inclusion of indicators to evaluate the process advancements, the access to the service by the beneficiaries as well as the impact of the programme.

The comments of our technical reviewer on the Joint programme document are attached for reference. The review is very positive and includes some useful recommendations you may wish to consider in the finalization of the document or during the course of the programme’s implementation. Please note the changes recommended by the reviewer are not required by the Fund, unless specified under section III below.

Also note that the Fund Secretariat may revert to you soon with comments on your Monitoring Framework which we feel is limited to the programme level. The Secretariat plans to work with all approved programmes during the current year to address their M&E frameworks and to develop a small number of common indicators relating to the thematic windows, UN reform, Paris Declaration process and the Millennium Declaration.

III. JP re-design requirements and/or recommendations

The Secretariat recommends that:

- **Full national ownership** of the Government should be ensured through the official endorsement of the Joint programme by the designated Government agency to coordinate official development aid and its participation in the national Steering Committee;
- Additional justification on the **added value** of the participation of IOM in relation to the proposed awareness raising campaigns should be provided;
- **Budget** corresponding to output 1.3 and 4.1 and to output 2.3 and 2.4 should be **reduced** in the amount of **\$400,000**;
- **Indicators in geographical areas of focus** and indicators to evaluate the process advancements, the access to the service by the beneficiaries as well as the impact of the programme should be included.



IV. Management arrangements and delegation of authority

On receipt of a copy of the signed document, the Fund Secretariat will transfer the full three-year allocation to the custody of the Multi Donor Trust Fund (MDTF) Office pending further instructions from you.

Please note the MDTF Office will pass-through funds to Participating Organizations on instruction from you as Resident Coordinator and Co-Chair of the National MDG-F Steering Committee.

As reflected in the Fund's Framework Document (Section 9 'Formulation Process & Release of Funds) and the global MoU with Participating Organizations (Article I, 2-c) the MDTF Office will release resources on an annual, advance basis. For the first advance, these funds will be transferred on the basis of receipt of the first year Annual Workplan and the signed Joint Programme document. Subsequent annual advances will be released on instructions from you and on the basis of a) receipt of the next annual work-plan approved by the National Steering Committee; b) evidence that a formal review of the programme's progress has been undertaken not more than three months earlier, either in the form of an annual progress report (if the timing coincides) or through the minutes of a National Steering Committee where this has been discussed; and c) only when combined commitments against the existing advance have exceeded 70%. Please review the initial year budget requests carefully with participating organizations in order to ensure realistic delivery targets in this regard. The annual agency apportionment projected in the final budget attached to the signed Joint Programme document should also be reviewed and can be revised up to the time of your first funds-advance request. This is important for the reasons outlined below.

In order to allow the implementation team some flexibility to adapt the strategy to unexpected challenges and opportunities (most particularly delivery issues), and to empower Resident Coordinators in their oversight responsibilities, this memorandum also provides you with the authority over the three year duration of the programme in consultation with Participating Organizations and with the agreement of your National Steering Committee to (a) transfer up to \$1,000,000 or 20% of the total value of the project budget – whichever is lowest – *between Participating Organizations* identified in the original Joint Programme budget and (b) re-phase up to \$1,000,000 or 20% of the total value of the project budget – whichever is lowest - *between years*. The base-line against which these ceilings will be measured is the annual budget projection (by year and by participating organization) confirmed at the time of your first funds-advance request. The MDTF Office must be informed of any revisions of this kind, decided locally and is responsible for tracking these delegation ceilings for each programme. Any changes that fall outside these parameters will have to be referred back to the (Global) MDG-F Steering Committee for approval.

As you will appreciate, one of the MDG-F's express goals is to strengthen the role of Resident Coordinators as leaders of Country Teams. The success of the MDG-F activities will depend on



your ongoing leadership and engagement. We count on you to exercise this leadership and to ensure this Joint Programme remains an ongoing, integrated effort by the UN system in support of national priorities. Please also use the National Steering Committee mechanism to help ensure national ownership by the Government in particular and involve it in important financial and programmatic oversight decisions.

The signed Joint Programme document and the completed Fund Release Form should be sent to the MDG-F Secretariat and MDTF Office within 30 days of the receipt of this memorandum. If this deadline is not possible, please inform the secretariat accordingly.

The Executive Coordinator of the MDTF Office, Bisrat Aklilu, will be in contact with any specific documentation requirements to ensure the programme meets compliance requirements for the Fund's pass-through arrangements.

With best wishes.

cc.

Bisrat Aklilu, Executive Coordinator, Multi-Donor Trust Fund Office
Mr. Gilbert Houngbo, Assistant Administrator and Director Bureau for Africa, UNDP New York
H.E. Mr. D. Juan Antonio Yáñez-Barnuevo, Permanent Representative of Spain to the United Nations
H.E. Mr. Ismael Abraão Gaspar Martins, Permanent Representative of Angola to the United Nations
Ms. Milagros Hernando, Director-General for Planning & Evaluation, MFA Madrid
Ms. Sally Fegan-Wyles, Director, Development Group Office
MDG-F Secretariat

2. Executive Summary

Access to clean water and proper sanitation facilities (WatSan) is still precarious in Angola as demonstrated by successive outbreaks of Cholera. In peri-urban Luanda, people pay high prices for poor quality water from private vendors, as a great proportion of water standpoints, especially those managed by state-owned public utilities, break down frequently or do not function; many sub-urban neighborhoods simply do not have water points. In the Moxico province, most people, among whom there is a high number of returnees, take water from rivers, exposing families to health risks linked to unpurified water.

This programme aims to promote sustainable, equal and non-discriminatory access to sufficient, safe, physically accessible and affordable drinking water and adequate sanitation for peri-urban and rural communities in the Luanda and Moxico provinces of Angola, by enhancing the governance of the sector and promoting a rights-based approach to water and sanitation delivery. More precisely, it is established to address the issue of un-sustainability of centrally-managed WatSan facilities in poor neighborhoods, by introducing community ownership and management of WatSan schemes.

This joint-programme, which sees the participation of ILO, IOM, OHCHR, UNICEF and UNDP, will pursue the key objective of bringing safe drinking water and adequate sanitation to up to 120,000 people directly, and another 400,000 from multiplier effects, so that the MDG gap for water and sanitation is closed by 3.4% (to 12%) and 3.3% (to 12%) respectively.

The model of governance proposed in this project entails promoting a network of autonomous units of small and medium scale WatSan utilities owned and managed by communities – namely the *Grupos de Águas e Saneamento* (GAS) – in the target peri-urban and rural areas of the programme, with the local government at the ‘center’ (of the network) confining its role to monitoring the network, regulating the rural water and sanitation market, pushing for the autonomy of communities in the management of their water and sanitation schemes, and intervening only when a major problem occurs in any one of the units or when a specific need is expressed (for example, the need for funding to upgrade a water post installation or the enforcement of the applicable pricing system).

To achieve this, the programme will seek to: (i) establish a pro-poor policy and regulatory framework that feature community participation in the provision and management of WatSan facilities; (ii) promote the autonomy of communities in the management of WatSan facilities; (iii) reinforce the capacity of local governments, namely *municípios*, to effectively monitor community WatSan management units, mobilize resources and fund community WatSan projects and (iv) put in place an enhanced accountability system for peri-urban and rural water and sanitation sector.

Using capacity development and advocacy as main intervention strategies, while focusing on such governance issues as pro-poor policy/regulation, community participation and accountability, the programme will seek to achieve results focusing on addressing the challenge of designing an institutional and regulatory arrangement that embraces a rights-based approach and that is consistent with community-driven approach, to promote sustainable water and sanitation management scheme for the poor.

As regard to its implementation, the programme will be coordinated through a three-level mechanism: (i) a National Steering Committee, composed of the UN Resident Coordinator, the Minister of Planning and the local Head of Spanish Cooperation agency; (ii) a Programme Management Committee composed of the UN Resident Coordinator (or a designee), the *Director Nacional de Águas* (DNA), *Director Nacional de Urbanismo e Ambiente* (DNUA) and representatives from participating agencies, NGOs and beneficiary groups; (iii) a UN-level coordination which consists of the UN country team and technical working groups.

The programme’s total budget of \$ 8,000,000 comes from the Spain MDG Achievement Trust Fund (MDG-F). It is ‘passed through’ UNDP’s Multi-donor Trust Fund Office for transfer and distribution to participating UN agencies at headquarters level, then for use by country offices in a ‘parallel funding’ fashion.

Risks come from uncertainty about assumption relating to: political support, community perception, cost effectiveness, pace of reform, realignment of capacities, harmonization with other initiatives and availability of national support. Most risks are addressed either in the programme content or through the programme process, and thus might not affect the feasibility of the objectives.

The programme's monitoring and evaluation (M&E) arrangement includes the following features: introduction of M&E function in the programme implementation structure, data collection, data analysis, and elaboration of evaluation reports. Data sources include: administrations, small surveys and macro survey reports. Small surveys will be part of programme activities and conducted at three points of programme cycle: inception, mid-cycle and end-cycle. Two types of evaluation reports will be produced, annual reports dealing with the evaluation of agency outputs, and mid-cycle and end-cycle reports dealing with the evaluation of joint-outputs and outcomes.

JP REVIEW- ANGOLA

(ECONOMIC GOVERNANCE, GOVERNANCE OF WATER AND SANITATION IN ANGOLA'S POOR NEIGHBORHOODS)

OVERALL COMMENTS

This Joint Programme offers an excellent opportunity to improve prospects of Angola to meet the Millennium Development Goals (MDGs). Its basic objectives are improving and extending water service delivery, improving regulatory governance in the sector, promoting broader participation in institutions of governance to foster consumer welfare, and enhancing accessibility of poor populations in urban areas as well as population in rural areas. Specific objectives that can be achieved through the programme implementation are, among others, promoting community oriented governance, encouraging participation of local entrepreneurs in the delivery of water service, reducing social exclusion, and achieving sustainability, accountability and transparency in the water sector.

The Joint Programme brings together the efforts of several United Nations agencies. The division of tasks in the implementation is clearly stated. UNCT will serve as main coordination platform, and consists of representatives of all UN agencies in Angola plus UNESCO. The programme will be implemented in a close relation with central governmental bodies such as the Ministerio de Energia e Água (MINEA) and Ministerio do Urbanismo e Ambiente (MINUA). Other ministries are involved in specific aspects of the implementation of the programme. Clear distribution of functions between international organizations and close relation to key national stakeholders offer good prospects for success and sustainability.

The programme is committed to improve the delivery of water services, to promote accessibility by poor population and to improve governance and regulation in this service. In this way, the Joint Programme reinforces reform policies implemented in recent times in Angola. The programme is to be implemented within a framework of national policy oriented to increasing investment in water infrastructure, reforming the legal framework, decentralization of water and sanitation services responsibilities to provinces, and redesigning of the regulatory framework. This national policy is part of the Angola poverty eradication strategy (*Estratégia de Combate à Pobreza*). The policies that the programme intends to promote are particularly useful within such a reform framework.

ELABORATION OF THE CONCEPT NOTE

The final programme document presents a clear vision of the expected outputs. These outputs include (1) Pro-poor policy and regulation framework, (2) Autonomy-oriented community water structures to ensure sustainable access to water and sanitation facilities in 500 communities, and (3) mechanisms for monitoring and funding community-driven water and sanitation facilities schemes at municipal level. No gender-sensitive approach of the programme is envisaged, but its implementation will likely have gender-sensitive effects, since women are particularly responsible for taking care of water availability in households in poor and rural areas.

Among the most remarkable features of the Programme it is to be mentioned the following one: problems related to the need of securing funds to guarantee the sustainability of the improvements achieved is present throughout the proposal. In this way, funding from users as well as supplementary funding by local governments -when required to guarantee universal service- are correctly envisaged.

RELEVANCE AND EXTERNAL COHERENCE

Global agenda

The Joint Programme has high potential for contributing to the MDGs targets and indicators. These are explicitly taken into account through the development of the program.

The outcomes of the programme are directly linked to the improvement of living conditions of vulnerable and disadvantaged groups. On one side, the improvement and extension of water service delivery can allow improving accessibility by population that is either excluded until now of these services, or that is required to pay extremely high prices for the water. The improvement of the service will likely result in increasing costs for investment. However, involving communities in the management might allow obtaining more efficient delivery. Besides improving efficiency, better regulatory governance, consumers' voice and pro-poor policies are required to guarantee that poor and excluded population benefit from the reform. In this way, the Joint Programme correctly considers the problems imposed by Universal Service Obligations and financial sustainability.

The situation analysis provides a useful diagnosis of the main problems to be addressed in the field of water delivery in Angola. Interesting and expressive data on the shortcomings of water delivery are included. Data reflect the downgrading of the operational water facilities, the high prices that must be paid for buying water from private sellers, and the consequences in fields like health conditions, mortality, etc. Indeed, these problems have a special incidence on poor urban populations and rural areas.

National policy and institutional context & Partnerships

National ownership of the programme is ensured. The Joint programme is clearly aligned with national priorities and ongoing policies. These include changes of the legal framework, decentralization of responsibilities for water provision, creation of provincial water utilities operating under commercial regime (thus improving flexibility of delivery and responsiveness before users), and reform of the regulatory framework.

The document articulates the relationship between these public policies and the development of the Joint Programme. The interaction of all actors involved in the programme implementation is adequately structured. The strategy envisaged in the programme is clearly consistent with the strategy for water reform implemented by the national government.

The coordination mechanisms are clearly identified at the national level and they reinforce institutional coordination in the country. Participation of local governments is critical for the success of the programme. Particularly, since local governments are “at the centre” of the governance model for peri-urban and rural water and sanitation facilities. In this way local governments have a key role in regulating and monitoring. Hence, more attention should be paid and more details should be provided on how local governments will join efforts to develop the strategy and to provide funds to ensure service accessibility (a requirement that is consistently taken into account through the programme).

UN Reform

The Joint Programme reflects a model of inter-agency action around common objectives. Coordination and joint implementation are made compatible with a clear assignment of task. The distribution of the Joint Programme lead tasks reflects the comparative advantages of the respective participating agencies. The programme does adequately call on a combination of efforts by these different UN entities. Leadership and accountability are conveniently designed. The development of the programme will likely promote UNDP impact in the country, and particularly in the targeted areas.

INTERNAL COHERENCE

Programme design and delivery

The programme design is well developed, with a coherent approach that reflects a clear, logical results analysis framework.

The activities and outputs are pertinent to the outcomes, and these –even if ambitious- are realistic considering the environment, as well as the budgetary and

human resources involved. The cost of the intervention is reasonable, on aggregated basis as well as within the national context.

The Joint Programme clearly identifies the potential risks to be taken into account. In fact the task done for risk identification is outstanding. It is particularly worth noting that, being as it is community perception one of the key risks, empowering communities with decision making in management, tariff setting, etc. will conveniently help dealing with this risk.

The cooperation instruments are appropriate to achieve the expected outcomes. The activities and outputs are ambitious. The quality of the Joint Programme strategy itself, as well as the national context and details provided in the workplan, suggest that they can be successfully reached.

SUSTAINABILITY, MONITORING & EVALUATION

Sustainability

The reforms implemented will likely provide sustainable results since improved governance, community involvement in management and funding, and consumers participation should remain working once the programme has been fully implemented. A key factor regarding sustainability is the attention paid to the issue of funding requirements to preserve overtime the improvements achieved in service delivery efficiency, as well as funding requirements to guarantee accessibility by poor population in peri-urban and rural areas.

Monitoring and evaluation

The plan of monitoring and evaluation is detailed. Concrete indicators to evaluate progress are identified. Many quantitative targets are provided: number of community groups that will benefit from ensuring sustainable access; number of municipalities in which the program will be implemented; number of local entrepreneurs operating in sectors related to water and sanitation facilities, etc. In addition, the programme proposes quantitative indicators to measure capacity-building progress. The efforts done to be concrete on quantitative targets will allow evaluation of the results achieved.

The programme explicitly considers providing information sharing and cross learning to ensure dissemination of best practices. This will prove useful to make corrections and improvements in the projects being developed, as well as promoting effective scaling-up.

The workplan 2008 is well detailed and logical, and the budgetary allocations seem appropriate. Different stages and methods are established for the three phases.

Suggestions:

Quality of the program is excellent. Objectives and methods are clearly stated and they are likely to produce good and concrete results. The Joint Programme is very well designed. Issues related to sustainability, monitoring and evaluation are correctly addressed.

One aspect of the programme that could be improved is the design of the participation of local governments. This is critical for the success of the programme, and more attention should be paid on how local government will joint efforts to develop the strategy and to provide funds to ensure service accessibility.